

Message Text

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44

ACTION ARA-20

INFO OCT-01 ISO-00 SS-15 NSC-10 L-03 AID-20 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00

XMB-07 OPIC-12 SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01

INT-08 SCEM-02 DRC-01 /136 W
----- 060682

R 102230Z SEP 73

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 9362

INFO AMCONSUL CALI UNN

AMCONSUL MEDELLIN UNN

C O N F I D E N T I A L BOGOTA 7467

E.O. 11652: GDS

TAGS: EMIN CO

SUBJECT: INTERNATIONAL MINING-GOC NEGOTIATIONS

1. JOHN SWAN, LOCAL REPRESENTATIVE OF IMC, INFORMED EMBASSY TODAY THAT DISCUSSIONS NOW BEING HELD WITH MINISTRY OF MINES AND COLOMBIAN PRIVATE SECTOR REGARDING POSSIBLE 40-40-20 SPLIT OF LOCAL IMC MINING PROPERTIES. IMC WOULD SELL 40 PERCENT TO COLOMBIAN PRIVATE INVESTORS AND DONATE 20 PERCENT TO GOC. PROPOSED DIVESTITURE WOULD INVOLVE ONLY MINING ASSETS AND NOT SUCH ITEMX AS CATTLE RANCHES AND MARKETABLE SECURITIES.

2. ACCORDING TO SWAN, MINES MINISTER SILVA BECAME CONCERNED OVER REACTION TO EXPRORPIATION LAW WHEN HE HEARD RUMBLINGS FROM OIL COMPANIES THAT THEY MAY BE INFLUENCED BY "INVESTMENT CLIMATE" IN DECIDING WHETHER OR NOT TO SUPPLY SUBSTANTIAL NEW INVESTMENT NEEDED FOR PETROLEUM EXPLORATION AND DEVELOPMENT. SILVA THEN CONSULTED BANK OF BOGOTA PRESIDENT JORGE MEJIA SALAZAR WHO SUGGESTED 40-40-20 SPLIT. SILVA'S REPORTED REACTION WAS THAT 20 PERCENT FOR THE GOC SEEMED TOO LOW
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BUT THAT 30 PERCENT MIGHT BE ACCEPTABLE. SIL A THEN

MAINTAINED THAT PRINCIPAL OBSTACLE TO SUCH A FORMULA
WOULD BE PRESIDENT PASTRANA WHO REMAINS COMMITTED TO 51
PERCENT GOC SHARE. MEJIA SALAZAR APPARENTLY HAS
APPOINTMENT TO DISCUSS MATTER WITH PRESIDENT LATER THIS
WEEK.

3. APPARENT CONFIRMATION OF ABOVE NEGOTIATIONS WAS OBTAINED
BY MEDELLIN CONSUL FROM FINANCE MINISTER ECHAVARRIA ON
FLIGHT FROM MEDELLIN-BOGOTA. ECHAVARRI INDICATED THAT
WHILE HE WAS NOT FOLLOWING CASE CLOSELY AND HAS FEW
DETAILS HE UNDERSTANDS THAT NEGOTIATIONS ON 40-40-20 SPLIT
ARE PROCEEDING WELL.

4. SWAN ALSO INDICATED THAT WHILE IMC HAS MADE NO
COMMITMENTS TO COLOMBIAN PRIVATE SECTOR, HE DOES NOT DOUBT
THAT INTERESTED PRIVATE CAPITAL CAN BE
FOUND GIVEN PRESENT PRICE OF GOLD.
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